

## Message Text

UNCLASSIFIED

PAGE 01 CANBER 05353 270846Z

16

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 DODE-00 PA-03 USIA-15 PRS-01

DRC-01 /177 W

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R 270745Z SEP 73

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 1730

INFO AMEMBASSY WELLINGTON

AMEMBASSY PARIS

UNCLAS CANBERRA 5353

E.O. 11652: N/A

TAGS: EGEN, EFIN, PINT, AS

SUBJ: REFERENDUM ON GRANTS OF AUTHORITY OVER PRICES AND INCOMES  
TO FEDERAL GOVERNMENT.

1. SUMMARY: PARLIAMENT COMPLETED ACTION SEPT. 26 ON LEGISLATION PROVIDING FOR A NATIONAL REFERENDUM TO BE HELD ON THE QUESTION OF AMENDING THE AUSTRALIAN CONSTITUTION TO GIVE THE NATIONAL GOVERNMENT AUTHORITY TO REGULATE PRICES AND INCOMES. THE PROPOSAL FOR A REFERENDUM ON PRICE AUTHORITY HAD BEEN PREVIOUSLY ADOPTED BY THE HOUSE OF REPRESENTATIVES AND WAS PENDING IN THE SENATE. THE LEGISLATION TO ADD THE QUESTION OF AUTHORITY OVER INCOMES TO THE REFERENDUM WAS INTRODUCED FOR THE FIRST TIME ON SEPTEMBER 26 IN BOTH HOUSES AND PASSED THE SAME DAY. THIS SUDDEN ACTION RESULTED FROM A REVERSAL OF THE PREVIOUS ALP PARLIAMENTARY CAUCUS OPPOSITION TO INCLUDING INCOMES IN THE REFERENDUM FOLLOWING AN OFFER BY THE DLP TO SUPPORT THE EARLIER PRICE CONTROL REFERENDUM PROPOSAL IN THE SENATE IF THE QUESTION OF INCOME CONTROL WERE ADDED. FOLLOWING THE ADOPTION OF THE LEGISLATION THE PRIME MINISTER ANNOUNCED THAT THE REFERENDUM WOULD BE HELD DEC. 8 AND THAT PARLIAMENT

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PAGE 02 CANBER 05353 270846Z

WOULD REMAIN IN SESSION FOR AN ADDITIONAL WEEK IN ORDER TO BE AVAILABLE TO ADOPT LEGISLATION FOLLOWING THE REFERENDUM IN THE EVENT THE REFERENDUM WERE APPROVED. END SUMMARY.

2. IN A SUDDEN REVERSAL OF ITS PREVIOUS OPPOSITION, THE ALP PARLIAMENTARY CAUCUS SEPT. 25 APPROVED SUBMISSION OF LEGISLATION TO HOLD A NATIONAL REFERENDUM ON THE QUESTION OF GRANTING THE FEDERAL GOVERNMENT AUTHORITY TO REGULATE INCOMES. THIS ACTION WAS TAKEN BY THE CAUCUS AT A MEETING CONVENED ON SHORT NOTICE BY THE PRIME MINISTER, AND WITH HIS STRONG SUPPORT, FOLLOWING AN OFFER BY THE DLP TO SUPPORT SENATE PASSAGE OF LEGISLATION PREVIOUSLY APPROVED IN THE HOUSE OF REPRESENTATIVES FOR A REFERENDUM ON AUTHORITY OVER PRICES, PROVIDED THAT PARALLEL LEGISLATION WAS INTRODUCED FOR A REFERENDUM ON THE GRANT OF AUTHORITY OVER INCOMES.

3. IN THE WAKE OF THE ALP CAUCUS APPROVAL, THE GOVERNMENT INTRODUCED LEGISLATION FOR INCOMES AUTHORITY IN THE HOUSE OF REPRESENTATIVES ON SEPT. 26 AND THE LEGISLATION WAS APPROVED THE SAME DAY. FOLLOWING THIS APPROVAL AND BEFORE THE END OF THE DAY THE SENATE, OVER THE OPPOSITION OF THE LIBERAL AND COUNTRY PARTY MEMBERS, ADOPTED BOTH THE PREVIOUSLY PENDING LEGISLATION FOR A REFERENDUM ON PRICE CONTROL AND THE NEWLY INTRODUCED LEGISLATION FOR A REFERENDUM ON INCOME CONTROL. THE RESULT OF THIS FINAL ACTION ON SEPT. 26 IS THAT A NATIONAL REFERENDUM WILL BE HELD ON DEC. 8. AT THAT TIME THE VOTERS WILL HAVE THE OPPORTUNITY TO APPROVE TRANSFER TO THE FEDERAL GOVERNMENT OF AUTHORITY OVER PRICES OR OVER INCOME OR OVER BOTH OR NEITHER. APPROVAL OF CONSTITUTIONAL AMENDMENTS BY REFERENDUM REQUIRES A MAJORITY ON A NATIONWIDE BASIS, PLUS A MAJORITY IN EACH OF AT LEAST 4 STATES.

4. THE OUTLOOK FOR THE OUTCOME OF THE REFERENDUM ITSELF IS UNCERTAIN. ASIED FROM THE OPPOSITION OF THE LIBERAL AND COUNTRY PARTIES TO THE PROPOSAL TO HOLD A REFERENDUM AND THEIR TDVDABLY OPPOSITION TO ITS APPROVAL, THE DLP IS UNCOMMITTED ON THE SUBSTANCE AND THERE IS WIDESPREAD OPPOSITION IN THE ALP AND THE UNIONS TO GRANTING FEDERAL GOVERNMENT AUTHORITY OVER WAGES.

5. NOTWITHSTANDING THESE UNCERTAINTIES, THE PRIME MINISTER HAS UNCLASSIFIED

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PAGE 03 CANBER 05353 270846Z

ANNOUNCED THAT THE PRESENT SESSION OF THE PARLIAMENT WILL BE EXTENDED FOR SEVERAL DAYS PAST THE DEC. 8 REFERENDUM IN ORDER TO HAVE PARLIAMENT AVAILABLE TO ADOPT IMPLEMENTING LEGISLATION IN THE EVENT THE REFERENDUM IS APPROVED.

6. THE QUESTION OF PRECISELY WHAT USE THE GOVERNMENT WOULD MAKE OF SUCH POWERS, IF GRANTED, REMAINS OPEN. THE PRIME MINISTER HAS STATED THAT AN EARLY OBJECT OF ANY PRICE CONTROL LEGISLATION

WOULD BE LAND PRICES. HE HAS AT THE SAME TIME SUGGESTED THAT THE GOVERNMENT MIGHT PROCEED EVEN MORE MODESTLY IN THE CASE OF INCOME CONTROL, ESPECIALLY AS REGARDS WAGE AND SALARY EARNERS.

7. SEPTTEL FOLLOWS WITH POLITICAL BACKGROUND AND IMPLICATIONS.  
GREEN

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## Message Attributes

**Automatic Decaptioning:** X  
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